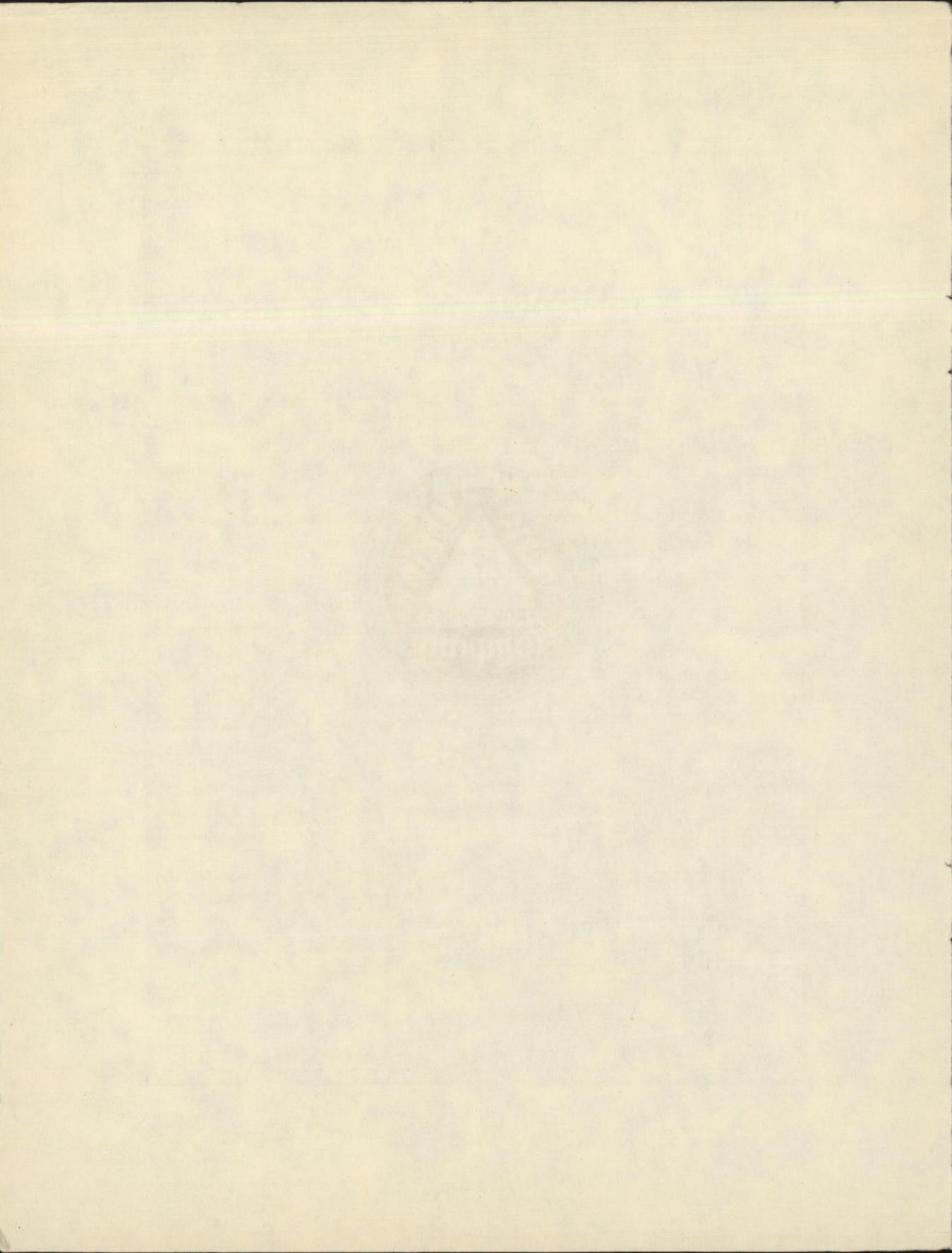


ANNUAL REPORT
1931



WOOLWORTH BUILDING
New York



New York, N. Y.
February 27, 1932.

To THE STOCKHOLDERS:

There is submitted herewith the balance sheet, earnings statement and consolidated surplus account of The Grand Union Company for the fiscal year ended January 2, 1932.

Net operating profit for the year, after deducting depreciation and taxes, amounted to \$1,013,686. Total sales for the year (52 weeks) amounted to \$35,640,225, of which \$35,257,579 were retail sales and \$382,646 green coffee jobbing sales, compared with retail sales of \$37,009,933 and jobbing sales of \$1,107,139 for the preceding year (53 weeks). While dollar sales show a small decrease, the actual number of tons of merchandise sold exceeds that of the preceding year by 15%.

At the end of the year the company was operating 708 branches compared with 711 at the beginning. The general structure of our business remains the same, consisting of the grocery and market stores' business and the wagon route business. The grocery and market division has had a very satisfactory year, showing approximately the same volume as the preceding year, but with increased profits. While the wagon route business has suffered in sales volume, it nevertheless has made substantial profits, these showing in excess of 6% net on turnover.

With current assets five times current liabilities, and with cash on hand amounting to \$1,319,930, the company starts 1932 in an exceptionally strong financial position.

Sharp declines in prices and greatly reduced purchasing power on the part of the public during the last year have required in the operation of the business the most rigid scrutiny of expenses and the closest application in adjusting merchandising policies to the rapidly changing economic conditions—an invaluable experience which the management feels will be reflected in substantial improvements upon the return of stable commodity prices and better business conditions.

J. SPENCER WEED,
President.

THE GRAND U
AND ITS SU

CONSOLIDATED
January

ASSETS

Current assets:

Cash in banks and on hand	· · · · ·	\$ 1,319,930.50
Accounts receivable, less allowances:		
Trade and miscellaneous	· · · · ·	\$ 604,012.63
Advances to agents	· · · · ·	34,014.80
		<hr/>
Inventories of merchandise, materials and supplies at cost (not in excess of market)	· · · · ·	3,431,998.74
Premiums advanced to customers, at cost, less allowances and credits	· · · · ·	426,022.86
Prepaid expenses	· · · · ·	78,483.67
Cash surrender value of officer's life insurance	· · · · ·	17,973.55
		<hr/>
Total current assets	· · · · ·	\$ 5,912,436.75
Employees' fidelity fund investments and cash, at cost, including 450 shares The Grand Union Company \$3 series convertible preference stock	· · · · ·	32,678.20
Investments, at cost (market values not generally ascertainable)	· · · · ·	53,424.13
Real estate, at cost	· · · · ·	382,304.21
Machinery, fixtures and equipment	· · · · ·	\$2,984,021.90
Less, Allowances for depreciation	· · · · ·	874,750.61
		<hr/>
Good will, etc.	· · · · ·	5,285,527.09
Deferred charges to operations	· · · · ·	2,325.62
		<hr/>
		\$13,777,967.29

We have examined the accounts of THE GRAND UNION COMPANY and sheet and the appended income and surplus accounts set forth the consolidated statements for the fiscal year then ended.

New York, February 25, 1932.

NION COMPANY
BSIDIARIES

BALANCE SHEET

2, 1932

LIABILITIES

Current liabilities:

Bankers' acceptances secured by coffee imports	- - - - -	\$ 100,528.67
Accounts payable	- - - - -	893,642.69
Accrued expenses	- - - - -	66,721.01
Accrued federal income taxes	- - - - -	116,517.62
		<hr/>
Total current liabilities	- - - - -	\$ 1,177,409.99
Employees' fidelity deposits	- - - - -	45,114.45
Mortgages on real estate	- - - - -	23,500.00
Reserves for unredeemed premium tickets and contingencies	- - - - -	91,192.46
Minority stockholders of subsidiary company	- - - - -	6,280.48
		<hr/>
		\$ 1,343,497.38

Note: The company is contingently liable for a nominal amount of unused balances of letters of credit.

CAPITAL

Capital stock:

Convertible preference stock without par value, entitled to \$60 per share on redemption or in liquidation:

Authorized 500,000 shares, issued and outstanding 161,600 shares of \$3 dividend series	- - - - -	\$8,080,000.00
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Common stock without par value:

Authorized 750,000 shares, issued and outstanding voting trust certificates for 277,867 shares	- - - - -	1,023,316.00
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Surplus, as annexed	- - - - -	\$9,103,316.00
		3,331,153.91
		<hr/>
		\$13,777,967.29

its Subsidiaries as at January 2, 1932 and, in our opinion, the above balance financial position of the companies at that date and the results of their opera-

LYBRAND, ROSS BROS. & MONTGOMERY

CONSOLIDATED INCOME ACCOUNT
 for the fiscal year ended January 2, 1932

Sales		\$35,640,225.95
Cost of sales		26,142,162.09
	Gross profit	9,498,063.86
Selling and general expenses:		
Store expenses, salaries of clerks, managers and superintendents and other expenses		\$7,240,961.95
General expenses, including allowance for federal income taxes		935,242.61
Depreciation of distributing equipment, etc.		327,539.40
	Profit from operations	8,503,743.96
Add, Miscellaneous income, interest, etc.		19,366.27
	Net income	\$ 1,013,686.17

CONSOLIDATED SURPLUS ACCOUNT
 January 2, 1932

Initial surplus, balance January 3, 1931 and January 2, 1932		\$ 904,290.62
Capital surplus:		
Balance, January 3, 1931		\$ 721,936.27
Add:		
Transfer from minority interest on account of acquisition of capital stock of Jones Bros. Tea Company, Inc.	\$ 21.88	
Excess of declared value at which originally issued over cost of \$3 series convertible preference shares purchased and retired	89,638.05	
	89,659.93	
Deduct, Good will of stores purchased during the year, written off	37,924.14	51,735.79
Balance, January 2, 1932		773,672.06
Earned surplus:		
Balance, January 3, 1931		\$ 1,276,909.83
Add, Net income for the fiscal year ended January 2, 1932		1,013,686.17
		\$2,290,596.00
Deduct:		
Fixtures and equipment acquired at inception of company disposed of as obsolete, etc.	54,232.26	
Unamortized balances of leasehold improvements in closed stores	61,880.92	
Deferred expenses carried forward from prior years, written off	24,062.59	
Dividends paid	497,229.00	637,404.77
Balance, January 2, 1932		1,653,191.23
Total surplus, January 2, 1932		\$3,331,153.91

DIRECTORS

RALPH T. CRANE

JOHN FOSTER DULLES

RAY MORRIS

JOHN W. PRENTISS

J. SPENCER WEEDE

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OFFICERS

J. SPENCER WEEDE

President

LANSING P. SHIELD

Vice-President

O. B. WESTPHAL

Vice-President

WILLIAM C. McFEELY

Secretary

SAMUEL WINOKUR

Treasurer

